

# Township of Nutley 2021 Municipal Budget Presentation

Commissioner Thomas J. Evans  
*Director of Revenue and Finance*

Introduced: April 6, 2021

Adopted: August 17, 2021



# 2021 Municipal Budget Summary

Description	2021	2020	Change	Change %
Total Operating Costs, excluding TSA	\$56,637,312	\$56,321,173	\$316,139	.56%
<b>Add: TSA Allocation to School/County</b>	<b>\$105,479</b>	<b>\$2,094,304</b>	<b>-\$1,988,825</b>	<b>-94.96%</b>
<b>Total Operating Costs</b>	<b>\$56,742,791</b>	<b>\$ 58,415,477</b>	<b>-\$1,672,686</b>	<b>-2.86%</b>
<b>LESS: Revenues, State Aid and applied Reserves</b>	<b>\$14,998,080</b>	<b>\$16,542,725</b>	<b>-\$1,544,645</b>	<b>-9.34%</b>
<b>Annual Amount to be Paid By Taxpayers</b>	<b>\$41,744,711</b>	<b>\$41,872,752</b>	<b>-\$128,041</b>	<b>-0.315%</b>

- ▶ The amount to be raised by property taxes has decreased by \$128,041. This is a direct result of the elimination of TSA being allocated to the School and County levy. This change does not impact the overall rate increase for 2021. It does, however, have a distortive effect when comparing the School and County increases to last year. If not for this change, the Municipal increase would be \$1,545,104 or 3.69 %. See Slide 3 for further details.
- ▶ See Slides 9 and 10 for changes in revenues, expenses and aid for 2021.

# Hoffman La Roche Closure - New Permanent State Aid

**After extensive negotiations,  
our State Aid is SECURE!!**

- ▶ Since 2014, the Township has received Transitional State Aid to address the tax loss from the closure of the Hoffman La Roche site.
- ▶ Through 2020, this aid amounted to \$28,000,000 which has been allocated annually to the School, County and Municipality.
- ▶ This aid has saved the average taxpayer \$2,784.00 since 2014.
- ▶ Going forward, the Township will receive permanent aid amounting to \$2,600,000, annually.
- ▶ Given the change in aid this year, the allocation of aid to the School and County was not possible. As such, 100% of the aid has been retained by the Municipality and fully applied to tax relief.
- ▶ This change does have a distortive impact when comparing tax rate changes year over year. The overall tax rate increase is not affected by this change.

# School and County Impact of State Aid on the 2021 Tax Rate

	Municipal	School	County
2021 Tax Rate	-0.32%	7.55%	4.77%
State Aid Adjustment	4.01%	-2.85%	-0.15%
<b>Tax Rate After Aid Adjustment</b>	<b>3.69%</b>	<b>4.70%</b>	<b>4.62%</b>

- ▶ Overall, the Total 2021 Tax Rate is 4.77% which is slightly less than the 4.8% increase projected in the Third Quarter Estimated tax bill.
- ▶ After adjusting for the distortive impact of the change to permanent aid, the Municipal increase is more clearly presented at 3.69% as compared to the April preliminary budget increase of 5.02%.

# 2021 Budget Commentary

- ▶ COVID-19 related costs have **NOT** had a significant impact on the 2021 budget. Costs reimbursements under the Federal Cares Act total \$1,132,440, with \$467,535 still pending reimbursement from FEMA.
- ▶ The Federal American Rescue Plan Act (“ARP”) allocation for Nutley totals \$2.7 million of which \$1.4 million has been received this year. Use of these funds is pending, however, they **cannot be used for tax relief and is not included in this budget.**
- ▶ While operating costs remain stable, revenues are lower primarily reflecting the use of a tax appeal reserve totaling \$1,146,734 which was used to zero out a municipal levy increase in 2020, lower overall TSA of \$487,500 and the expiration of a temporary COPS grant of \$158,000. **See Slide 9.**
- ▶ The Water Utility operations remain stable. No changes in water rates are planned for 2021. **See Slide 11.**

# 2021 Budget Commentary - Cont'd.

- ▶ The Township, within the Department of Public Safety, assumed operation of Emergency Rescue Services from the Nutley Volunteer Emergency Rescue Squad on June 7, 2021. The net increase in cost to taxpayers this year, after revenue recovery, totals \$203,500.
- ▶ Redevelopment and legal costs, totaling \$625,000, are included in this budget. These costs are **temporary and short-term**. Certain of these costs will be reimbursable from redevelopers.
- ▶ This budget assumes a **ZERO percent salary increase** for all departments, except for contractual union steps, the Emergency Rescue Squad, overtime and other minor changes. This is subject to change given ongoing union negotiations for Police, Fire, Dispatchers, and Teamsters, Park and Recreation and DPW.

# 2021 Budget Commentary - Cont'd.

- ▶ Overall, our municipal debt remains low at \$17.1 million at 10% of our authorized borrowing limit of \$140.3 million. **See Slide 12.**
- ▶ Municipal debt costs are lower by \$678,719 for 2021.
- ▶ Our bond rating is stable at **Aa2, above average** for local municipalities. The Township is well positioned for future capital needs. **See Slide 11.**
- ▶ The Assessed Value of the Township increased by \$11.9 million to \$3,253,575,000 for 2021.
- ▶ Town wide commercial and residential property inspections related to a **town wide revaluation of property, mandated by the Essex County Board of Taxation**, have now begun . All changes in individual assessed value will be included in the August 2022 final property tax bill.

# 2021 Budget Commentary - Cont'd.

- ▶ Our State temporary aid is now permanent in the amount \$2,600,000. Our final Transitional State Aid (TSA) is \$162,500. This is a major step forward in securing our future. See Slide 3 and 4.
- ▶ Growth in municipal revenues, from redevelopment efforts at ON3, Ciccolini and other areas, is anticipated in the 2023/2024 timeframe.
- ▶ Since 2014, overall spending has increased 12.7% or 1.75% per year on average. The Municipal budget on average, has remained below the annual tax levy cap of 2% for 7 years. See Slide 13.
- ▶ A New Hire Freeze and a Quarantine of Non-Essential spending established in 2020 remains in place for 2021.



# Revenue Changes in 2021 Budget

## Transitional State Aid (TSA)

2020 TSA	\$3,250,000
2021 <b>NEW Permanent Aid</b>	\$2,600,000
2021 Final - TSA Award	\$162,500
2021 Final - State Aid Decrease	-\$487,500

Our new permanent state aid is set at \$2,600,000.

A major step in securing aid for our Future!!

## Municipal Revenues

2020 Reserve Reversal	-\$1,146,734
COPS Grant - Expired	-\$157,944
Net, Other revenues	\$119,492
<b>Total 2021 Revenue Loss</b>	<b>-\$1,185,186</b>

## Revenue Summary

Revenues Changes	-\$1,185,186
Less: State Aid Decrease	-\$487,500
<b>2021 Revenue Loss, with TSA</b>	<b>-\$1,672,686</b>

# Operating Cost Changes for 2021

Salary	
Public Safety including Emergency Rescue Ser.	\$257,028
Parks & Public Property	-157,280
DPW	0
Public Affairs	18,000
Revenue & Finance	0
Mayor's Office	0
<b>Total</b>	<b>\$117,748</b>
Total Cost Changes	
Salaries	\$117,748
Net Other Expense	198,391
<b>Total before TSA</b>	<b>\$316,139</b>
TSA School/County	-1,988,825
<b>Grand Total</b>	<b>-\$1,672,686</b>

Other Expenses	
Sewer	\$ 73,000
Pension:	
Police/Fire	365,386
Other	-15,314
Emergency Rescue Services	116,500
Legal Fees	65,000
Redevelopment Projects	310,000
Medical & Other Insurance	-173,862
Garbage Removal	-10,000
Debt Service, Payroll tax, net	-667,719
Recycling/Software Licenses	121,000
Other Expenses	14,400
<b>Total</b>	<b>\$198,391</b>

# 2021 Water Utility Budget Summary

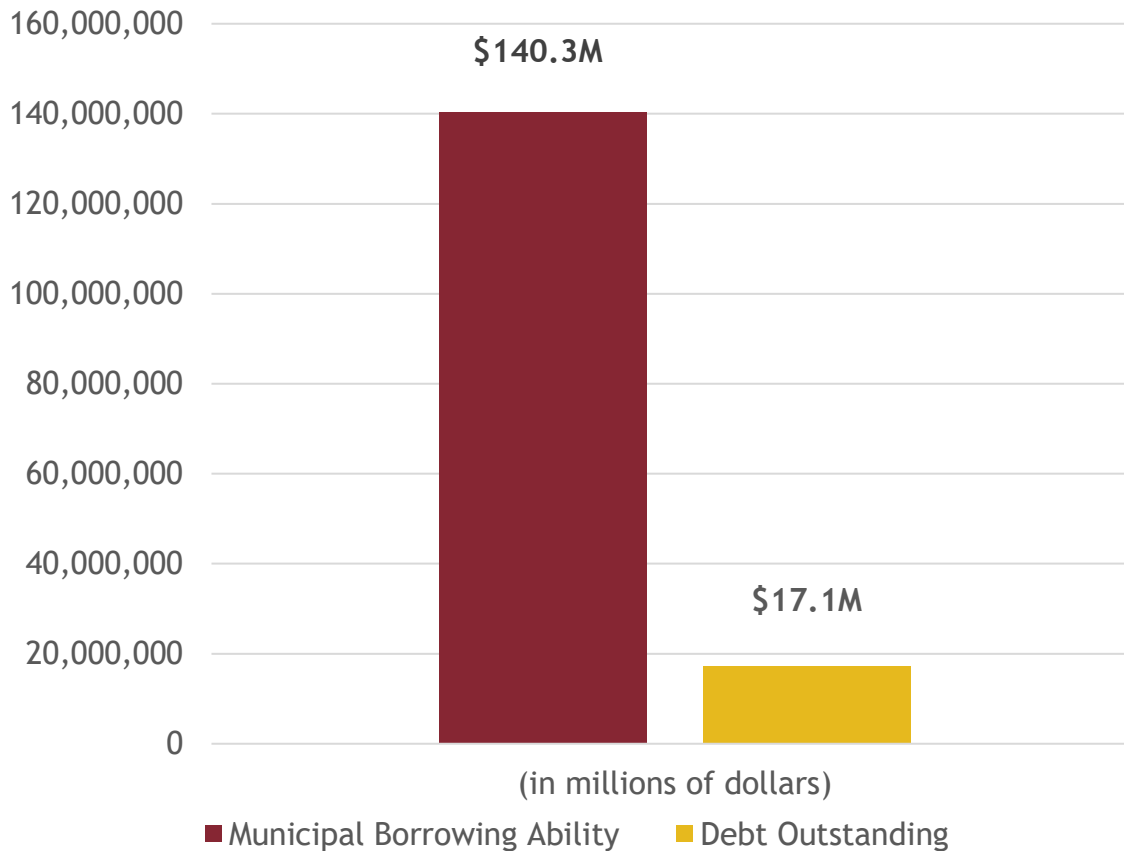
Budget	2021	2020	Change	% Change
Water and Maintenance Fee Revenue	\$4,625,163.00	\$4,615,750.00	\$9,413.00	0.20%
Less: Operating Costs	4,625,163.00	4,615,750.00	9,413.00	0.20%
<b>Water Utility - Stable</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.00%</b>

Budget Category	2021	2020	2019	2014	21-20 Change	% Change
Salaries & Wages	\$1,656,000.00	\$1,700,000.00	\$1,650,000.00	\$1,477,000.00	-\$44,000.00	-2.59%
N. Jersey District Water	1,197,000.00	1,200,000.00	1,200,000.00	1,220,000.00	-\$3,000.00	-0.25%
Purchase of Water (P.V./Newark)	840,000.00	805,000.00	855,000.00	770,000.00	\$35,000.00	4.35%
Debt Service	123,363.00	110,000.00	110,745.00	109,413.00	\$13,363.00	12.15%
Medical Insurance/Other Ins.	280,000.00	275,000.00	285,000.00	340,000.00	\$0.00	1.82%
Social Security/Unemployment/Pension	155,000.00	141,000.00	131,000.00	128,000.00	\$14,000.00	9.93%
Other	373,800.00	384,750.00	326,750.00	286,090.00	-\$10,950.00	-2.85%
<b>Total:</b>	<b>\$4,625,163.00</b>	<b>\$4,615,750.00</b>	<b>\$4,558,495.00</b>	<b>\$4,330,503.00</b>	<b>\$9,413.00</b>	<b>0.20%</b>

- ▶ Water Utility Distribution Services are provided by the Department of Public Works.
- ▶ Water service cost are billed separately on a quarterly basis.
- ▶ No Water Rates changes planned for 2021.

# Municipal Debt Outstanding

Municipal Borrowing Ability vs. Debt Outstanding



**2021 Bond Sale**  
Great result  
\$7.0 million over  
10-years at  
1.16%

- ▶ Overall debt is \$1.3 million Less since 2015.
- ▶ Stable bond rating - Above average Aa2.
- ▶ Current debt only equals 10 % of our total borrowing power.
- ▶ Total Debt terms 10-year maturity at a very favorable 1.99%.

# Municipal Budget by Service Area

	2021		2019		2014	
Police, Fire, EMS, & Municipal Court	\$ 26,464,910.79	46.81%	\$ 25,588,109.55	46.32%	\$ 22,036,842.23	43.68%
Roadway, sewer maintenance and treatment, streetlighting, recycling	\$ 7,537,165.00	13.29%	\$ 7,368,884.40	13.34%	\$ 6,700,752.23	13.28%
Insurance other than medical, Reserve for Uncollected Taxes (RUT)	\$ 6,502,656.00	11.44%	\$ 6,079,707.00	11.01%	\$ 5,693,743.00	11.29%
All parks, building, and tree maintenance; recreation, oil, electricity, and telephones	\$ 4,147,757.00	7.29%	\$ 4,447,024.80	8.05%	\$ 4,000,930.29	7.93%
Administrative operations - treasury, IT, municipal clerk, construction code, redevelopment and legal	\$ 4,343,415.00	7.66%	\$ 3,862,310.20	6.99%	\$ 4,239,997.57	8.41%
Health and veterans' services, garbage collection	\$ 3,655,073.00	6.50%	\$ 3,565,306.05	6.45%	\$ 3,426,152.83	6.79%
Debt Service	\$ 2,334,173.00	4.10%	\$ 2,744,016.00	4.97%	\$ 2,786,164.00	5.52%
Library Services	\$ 1,652,162.00	2.91%	\$ 1,588,007.00	2.87%	\$ 1,561,306.00	3.10%
	2021-2014	\$ 56,637,311.79	\$ 55,243,365.00	\$ 50,445,888.15		
	\$ Change	\$ 6,417,423.64	\$ 1,393,946.79	\$ 4,797,476.85		
	% Change	12.27%	2.52%	9.51%		

1.75%  
On  
Average

- ▶ \* 2021, 2019 and 2014 budgets do not include \$105,000, \$2.2, and \$1.8 million respectively in Transitional Aid transfers to the School District and County.